

Ofcom Call for Inputs - Review of measures to protect people in debt or at risk of disconnection

1. Introduction and Summary

- 1.1 KCOM Group Limited ('KCOM') welcomes the opportunity to provide comments on Ofcom's review of measures to protect people in debt or at risk of disconnection.
- 1.2 KCOM agrees that it is important that customers, especially those in vulnerable circumstances, are treated fairly. The coronavirus (Covid-19) pandemic has highlighted the importance of communications services and presented significant challenges for many people. KCOM, along with the wider communications industry has taken a number of steps to assist those in debt or struggling to pay their bills. However, the time is now right to consider whether this temporary support should end and the protections that are appropriate for the longer term.
- 1.3 We are generally supportive of a consistent approach being taken across industry in relation to customers being made aware of the support available to them and the measures we take when they are in debt or struggling to pay.
- 1.4 KCOM sees benefit in clarifying Ofcom's expectations in relation to engagement with customers struggling to pay or in debt and the type of information communicated.
- 1.5 However, are concerned with an approach that implicitly ties payment issues to vulnerability. There are a variety of reasons for non-payment and not all customers who are in debt or face the threat of disconnection will be vulnerable. There is a careful balance to be struck to ensure that appropriate measures are taken in relation to an individual customer's circumstances.
- 1.6 Some of Ofcom's proposals risk being too prescriptive and may result in increasing debt risk both for providers and for customers. In particular, we have concerns about the suggestion that the extension of time for disconnection to 3 months should become the norm.
- 1.7 Providers should have flexibility to determine the most appropriate approach for their customers, within a framework that encourages consistency in relation to customer engagement and communication.
- 1.8 We set out our detailed comments below.



2. Provider identification, engagement and communication with customers in debt or struggling to pay

- 2.1 Ofcom is proposing to amend its guide “Treating Vulnerable Customers Fairly” (the “guide”) to recommend providers emphasise the support available when directly communicating with a customer in debt or struggling to pay.
- 2.2 We believe it is relatively straightforward to ensure that customers are given information about the support which KCOM makes available such as payment plans or the ability to change packages. This already forms part of the communication we have with customers who experience payment difficulties. However, this can only be done where we are actively engaged with a customer and are alerted to payment issues. We would be concerned if Ofcom’s expectation were that we actively try and identify customers who may have issues in advance.
- 2.3 KCOM already uses a variety of communication methods with its customers and these are all available for customers who are facing payment difficulties. While we have no objection to communications with customers in arrears using different communication methods, ultimately there is a need to ensure that interactions are appropriately and consistently managed by the correct area of the business. We therefore do not think it would be appropriate to clarify the recommendation that providers use a range of channels to include rotating between communications methods in the way Ofcom is suggesting.

3. Strengthening links with organisations and charities that can provide free debt advice and support

- 3.1 KCOM supports Ofcom’s view that signposting and promoting debt advice organisations in payment/collection related communications would be beneficial.
- 3.2 The guide currently recommends that providers consider offering consumer organisations a direct way to contact them on a customer’s behalf rather than via general customer service contact channels. Ofcom is minded to increase the prominence of this recommendation in the guide. We would like to understand better what Ofcom’s intention is.
- 3.3 We are mindful of the need to ensure that our customers are adequately protected in relation to activity on their account. Clearly customers would have to consent to this, we would need to validate who the person is and their relationship to the customer and retain a record of any consents. We would also need to have clear parameters for what action

could be taken by any third party in relation to a customer's account. We are unsure of the practicalities of this approach in relation to consumer organisations.

- 3.4 We also note that the current guide recognises that providers need to work with relevant third-party organisations to ensure they have the capacity and staff available to deal with referrals. Ofcom must be mindful of the size and resources available to both these organisations and individual providers.

4. Measures taken by providers to effect payment

- 4.1 Ofcom notes that providers generally use disconnection as a last resort, and only after a series of steps have been taken to effect payment, however questions whether customers could benefit from more consistency in the way in which providers approach disconnection, apply service restrictions and/or administrative or penalty charges for late payment.
- 4.2 KCOM already takes a phased approach to measures taken when a customer is in debt. We have previously shared details of our process with Ofcom. We see benefit to ensuring consistency and clarity in communicating the steps a provider might take should a customer fall into arrears, however we think providers should have flexibility to determine what those steps are and when they are instigated, taking into account the needs of their customers, what is possible in practical terms and what is appropriate from a debt risk perspective.
- 4.3 We have the following comments on the specific actions which Ofcom had identified:

- ***avoid disconnecting a customer before a minimum of three months after missing a bill payment;***

In response to a request from Ofcom KCOM extended its time for disconnection to a minimum of three months to address concerns about the financial impacts of Covid-19. However, Ofcom has not considered the impact of this action. We are extremely concerned this action will have the perverse effect of causing customers to accrue more debt and simply add to their burden. We therefore do not believe that it is appropriate to include a recommendation to this effect in the guide.

We see merit in providers being encouraged to clearly communicate any timescales for disconnection but timescales for disconnection should be a matter for individual providers to determine.

- ***use a phased approach to the introduction of any service restrictions to effect payment, rather than introducing a complete suspension of services with no prior partial restriction***

KCOM already takes a phased approach to the introduction of service restrictions for some services. However, we would caution that any expectation a phased approach will be taken needs to consider the practicalities of doing so. In the case of broadband services this may require support from wholesale providers to effect. It is not clear that what is practically possible for a retail provider to do has been fully considered.

- ***avoid introducing service restrictions as a means of effecting payment for vulnerable people who are particularly reliant on their communications services due to their circumstances, unless all other options have been exhausted and there is no alternative***

We see merit in this, however, would caution that the ability to do this is dependent on the active engagement of customers. Where customers in debt do not engage then sanctions may be the only way to gain their attention.

- ***protect, where possible, access to free helplines dedicated to, for example protecting children and domestic abuse victims, even during service restrictions***

KCOM agrees that this would be beneficial, however the practicalities of doing so require further investigation with wholesale providers.

- ***seek to understand a customer's individual circumstances before putting them in a position where they are pursued by a debt collection agency to repay a debt***

Where a customer is in debt, KCOM will always try and engage with them to understand their individual circumstances and consider alternatives before pursuing debt through a debt collection agency. However, this is very much reliant on a customer's willingness to engage. We would be concerned if Ofcom's expectation was that we would be required to go further where there is no active engagement from a customer.

- 4.4 In relation to the publication of measures providers take to effect payment, Ofcom has questioned whether there is a need to revise General Condition C3.12 to ensure providers take a more consistent approach to publishing such information, both in terms of the level of detail they provide about the measures they take as well as the places where information should be made available.
- 4.5 KCOM does not believe this is warranted without further evidence. Ofcom has also suggested that a recommendation could be added to the guide that providers give information to customers about the support available to them, such as the potential to take payment deferrals or payment plans which could be provided in outgoing debt



communications, on their websites and when customers in debt contact their customer service teams. We think that this should be sufficient and would allow providers flexibility in designing communications that meet the needs of their customer base.

5. Measures designed by providers to support customers who are in debt or struggling to pay

- 5.1 With regard to the suggested that a recommendation is added to the guide that providers give information to customers about the support available to them, please see our comments in paragraph 4.5 above.